

INSTRUCTIONS FOR SUBMITTING OVERHEAD RATE INFORMATION

Acceptable overhead rate information will include the following:

- Audit report from a state or federal agency, or
- Overhead report from a CPA firm, accompanied by a cognizant letter from the Company's home state

If the Company has an overhead rate audit issued by a CPA firm but has not received a cognizant letter from its home state, please provide a copy of the overhead rate audit and a statement indicating the name of the home state and that no cognizant letter has been issued by the home state. This audit report will be reviewed by department audit staff to determine if the overhead rate will be acceptable for use on department projects. Audit staff may request additional financial information to verify the information contained in the audit report. In addition, audit staff may be required to review the working papers prepared by the CPA to support the audit report.

If the Company does not have an overhead rate audit issued by either a state or a CPA firm, it must provide a detailed overhead schedule based on the most recently completed fiscal year. The overhead schedule should follow the format shown at [\(link to sample format for overhead schedule\)](#). The overhead rate schedule must be prepared in accordance with the Federal Acquisition Regulations and clearly show adjustments to remove unallowable expenses. Please see the Listing of Common Unallowable Costs [\(link to form\)](#) for more details on unallowable costs identified in the Federal Acquisition Regulations. More detailed overhead preparation information can be found in the AASHTO Uniform Audit and Accounting Guide available at the following link [\(link to the AASHTO website\)](#). The overhead schedule must be accompanied by an income statement, balance sheet, general ledger account balances, tax returns and/or other financial information necessary to determine the accuracy of the overhead schedule. For questions regarding the overhead rate submission, please contact External Audit, 573-751-7446.